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MidAmerican settles lawsuit, will curtail coal use

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DES MOINES, Iowa — MidAmerican Energy Co. said Tuesday it agreed to stop burning coal in seven power plant boilers in Iowa and limit emissions from two others as part of a settlement with an environmental group.

The company confirmed last week that it burns coal from the Powder River Basin, but declined to say how much coal it buys and from where. A MidAmerican spokeswoman said the plan to stop burning coal in some boilers would have "minimal" impact on coal purchase agreements.

The Sierra Club filed a notice last July informing MidAmerican it was violating the federal Clean Air Act and Iowa environmental regulations by emitting more pollution than permits allowed at power plants in Sergeant Bluff, Bettendorf and Council Bluffs.

The Sierra Club threatened to sue, prompting MidAmerican to negotiate an agreement. On Tuesday, an official complaint and a settlement agreement were filed in U.S. District Court outlining the deal.

The energy company said it agreed to settle the Sierra Club complaint to avoid a costly lawsuit.

"MidAmerican Energy entered into settlement discussions as a means to avoid costs to its customers, unnecessary delays, and ongoing uncertainty associated with litigation," the company said in a statement.

MidAmerican agreed to stop burning coal in two boilers at Council Bluffs and two boilers in Sergeant Bluffs by April 2016. The company said it also will convert three coal-fired boilers at its Bettendorf facility to natural gas. It is evaluating whether to convert the coal units at Sergeant Bluff and Council Bluffs to natural gas before the 2016 deadline.

The company said installation of an environmental cleaning system is under way at two other boilers in Sergeant Bluffs, projects that had started before the Sierra Club complaint. Installation on one boiler will be completed by this fall and the other by the spring of 2014. Equipment to reduce emissions and pollution has already been installed at the other two boilers at Council Bluffs.

The Sierra Club, which has pursued similar cases against other power generators burning coal in the United States, claims coal plant emissions cause health problems for residents living near the plants.

"Clean air, clean water and a booming clean energy economy are part of an Iowa legacy that I am proud to leave for my children and grandchildren," said Pam Mackey Taylor, a spokeswoman for the Sierra Club in Iowa. "Retiring units at these coal plants and installing vital pollution controls at the remaining units will help Iowans breathe easier."

MidAmerican said it remains in compliance with federal and state laws and that the Iowa Department of Natural Resources, which enforces environmental regulations, has not pursued enforcement at its plants.

MidAmerican, Iowa's largest energy company, is owned by Warren Buffett's Omaha, Neb.-based Berkshire Hathaway conglomerate. It serves 732,000 electric customers and 714,000 natural gas customers in Iowa, Illinois, Nebraska and South Dakota.

The Sierra Club declared victory with the settlement.

"Today's settlement marks an important national milestone to end the scourge of coal, as well as an important milestone in our ongoing discussion with Warren Buffett family of companies about combating climate disruption," said Bruce Nilles, senior director of the Sierra Club's Beyond Coal campaign.

MidAmerican defended its environmental record, and says about 31 percent of its generating capacity is now powered by wind.

As part of the agreement, the company will install solar panels at the Iowa State Fairgrounds and an educational display that details tax credits and other information. MidAmerican also will pay $35,000 in attorney fees.

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Posted: 5:00 a.m. Sunday, Jan. 27, 2013

Georgia Power looks for alternatives to coal

Related

By Kristi Swartz

The Atlanta Journal-Constitution

Just five years ago, 70 percent of the fuel used by Georgia Power to produce electricity came from a source lambasted by environmentalists from shore to shore — coal.

Today, that number is down to 47 percent. And Georgia Power recently announced it will close 15 coal and oil-fired units, removing 20 percent of electrical capacity from its power grid.

Georgia Power — and its Atlanta-based parent, Southern Company — is in the middle of a metamorphosis. Pushed by new environmental rules that could force the closure of hundreds of coal plants nationwide, Southern is looking for ways to reduce its four utilities' reliance on that resource. Georgia Power is expected to reveal exactly what changes are in its future on Thursday, when it's scheduled to release its 20-year energy plan.

Hailed by its defenders as reliable and cheap and blasted by critics as dirty and inefficient, coal helped shape America's history, powering steamships and railroad engines. But the resource has come under increased scrutiny for two reasons — environmentalists' pressure on the Environmental Protection Agency to raise clean air standards and a precipitous drop in the price of natural gas.

Up to now, Georgia Power executives have shied away from saying how they would replace the electrical capacity if coal and oil units are shuttered. Georgia Power has won approval to buy electricity produced by natural gas from its sister company Southern Power, which could be a sign of what's ahead.

"We are in the midst of a significant transition in our fleet that will result in a more diverse fuel portfolio — including nuclear, 21st century coal, natural gas, renewables and energy efficiency," said Paul Bowers, Georgia Power's president and chief executive officer.

Georgia Power's alternative to coal likely will be its cleaner cousin, natural gas.

As for nuclear sources, it's unclear whether more reactors will be built even though executives have said they would like to. Federal regulators are not approving any new projects while trying to figure out long-term storage plans for used nuclear fuel. And, reactors typically take 10 years to permit and build, which means nuclear cannot be a quick fix.

Environmentalists continue to press for increasing the use of solar and wind power, as well as coming up with more with energy-efficient technology. Georgia Power has agreed to buy more solar from independents, and the Sierra Club said the company should do the same with wind power, even if it has to come from other states where the resource is more viable.

Georgia Power's sister utility in Alabama has agreed to buy wind energy from Oklahoma.

"(Relying so heavily on natural gas) is kind of a big gamble. It's a pendulum switch," said Colleen Kiernan, president of the Sierra Club's Georgia Chapter. Wind is an intermittent resource and, as with other sources of electricity, becomes less efficient if it has to be transported from far away.

Coal may not be completely off the table in the future. Georgia Power's sister utility in Mississippi is building a plant that converts coal to gas, then strips the carbon dioxide and other pollutants. Company executives tout the plant's technology and have said, if successful, it could be used across Southern's four-state territory.

But there is a cost — literally. The project's $2.8 billion price tag is almost a half-billion dollars above original projections, and the project is not finished.

Meanwhile traditional coal-fired plants could face additional scrutiny. The EPA has targeted mercury and other air toxins at power plants and is expected to look at greenhouse gas emissions next. The agency is revising a greenhouse gas rule for proposed plants but might also take a look at existing facilities. A year ago, Georgia Power's Plant Scherer and Bowen topped the EPA's list of carbon emitters, in part because the plants are some of the largest in the country.

Regulations to curb greenhouse gas emissions also could target natural gas plants, but to a lesser extent. Natural gas plants also contain carbon, but the amount is much less than in coal-fired ones.

"It's a completely different story," said Paul Patterson, a utility analyst with Glenrock Associates.

Natural gas is not free from environmental concerns, however. Environmental groups say the process for extracting gas — hydraulic fracturing and horizontal drilling — is leading to contaminated water and earthquakes. Methane emissions, which escape during producing and transporting the gas, also could be as much or more potent than other greenhouse gases, environmental groups say.

The EPA issued rules to reduce air pollution from the natural gas drilling process but has not placed regulations on natural gas-fired power plants.

This year is critical for utilities ordered to reduce emissions by shutting down coal-fired units or equipping them with pollution controls. Companies must meet a federal deadline of 2015 — 2016 if granted an extension — to comply with environmental rules to curb mercury and other air toxins, but shutting down plants takes time. Designing and building pollution-control equipment takes several months as well.

There may be additional closures on the way, analysts predict. Natural gas prices are expected to stay below $5 for several years, making it even less economical to equip existing coal plants with pollution controls instead of shutting them down. Also, the EPA is expected to issue additional mandates targeting power plants, making it even more expensive to keep coal plants running.

That may be the one-two punch needed for regulators and shareholders to pressure utilities such as Georgia Power to close an aging coal plant instead of putting a $1 billion piece of equipment on it, analysts argue.

"This is probably why Southern didn't announce its revised strategy for its fleet sooner; who knows when the EPA is done on making environmental rules tighter?" said David Parker, an analyst with Robert W. Baird & Co., which ran scenarios to figure out which coal plants likely would be shut down and which ones equipped with pollution controls.

"We thought 25-30 percent would be shut down and the rest get (pollution) equipment," Parker said. "Today, everybody, including Southern, is kind of redoing the math."

Duluth News Tribune

Published January 31, 2013, 12:00 AM

Minnesota Power to convert coal plant to gas

Minnesota Power announced Wednesday it will convert its coal-fired power plant in Hoyt Lakes to natural gas and close one of three coal units at its Taconite Harbor plant on the North Shore as the utility continues a move away from carbon dioxode-creating coal.

By: **John Myers**, Duluth News Tribune

Minnesota Power announced Wednesday it will convert its coal-fired power plant in Hoyt Lakes to natural gas and close one of three coal units at its Taconite Harbor plant on the North Shore as the utility continues a move away from carbon dioxode-creating coal.

Burning coal causes smog, acid rain, global warming and toxic air emissions.

The company said it would spend $15 million in 2015 to convert the 110-megawatt Laskin coal plant in Hoyt Lakes to cleaner-burning natural gas, which produces much less carbon dioxide and mercury than coal. The plant would be the first gas-fired generator for the Duluth-based utility.

The company also said it will retire one of three coal-burning units at Taconite Harbor but keep the other two units burning coal because they already have been upgraded with pollution-control devices for mercury and other emissions.

And the company will add $350 million in pollution-control technology at its Boswell 4 unit in Cohasset to meet current and forthcoming pollution regulations, keeping that unit open for the foreseeable future.

"We really see this as positioning ourselves for a more

sustainable energy future, including dealing with carbon" rules that might be coming from the federal government, Amy Rutledge, manager of corporate communications for Minnesota Power, told the News Tribune.

The announcement is a relief for Hoyt Lakes, which appeared in danger of losing Minnesota Power as a resident, along with more than 40 jobs, if the coal plant shut down without a replacement. While the gas plant won't offer as many jobs, the plan keeps the utility in town as a major employer, economic development partner and property tax payer, said Mayor Mark Skelton.

"It's great news for the city of Hoyt Lakes," Skelton said. "Minnesota Power is a great partner for us and a great employer for some of our residents. We did not want to see them leave town."

Al Rudek, vice president of strategy and planning for the utility, said no layoffs are expected at Laskin or Taconite Harbor and that the company hopes any cuts in the work force would be achieved through attrition.

Company officials made the announcement as part of what they called a major "energy resource strategy" titled "EnergyForward." The announcement reiterated the utility's plans to buy hydroelectric power from Manitoba and move that electricity through a new power line to Duluth by 2020.

The announcement noted the utility's addition last year of more wind turbines in North Dakota, where it now generates 400 megawatts of wind energy for its northern Minnesota customers.

The moves will push Minnesota Power, which produced 95 percent of its electricity from coal less than a decade ago, to more than 20 percent from non-coal sources, a critical step in the face of expected climate-change legislation to reduce pollution from burning coal.

The company hinted at development of a second large natural-gas-fired power plant sometime after 2020 to feed the proposed development of copper mining and expansion of taconite mining across the region, although no details were offered.

Company officials said the goal by the 2020s is to produce about a third of the utility's electrify from natural gas, one-third by coal and one-third from renewable sources such as wind and hydro.

Closer to PUC goals

The announcement comes a month before Minnesota Power is required to present a strategy to the Minnesota Public Utilities Commission for how it will move away from coal as an energy source while keeping rates down for the 144,000 homes, 16 municipal utilities and multiple industries that buy its electricity. The PUC ordered the "Baseload Diversification Study" in 2011 and gave Minnesota Power until March 1 this year to submit its final report.

The order said the study must consider "a continue-to-operate and a shut-down cost analysis" for the Laskin coal-burning plant in Hoyt Lakes and the Taconite Harbor coal plant through 2024. The study must include "specific plans for shutting down the Laskin and Taconite Harbor units in the near future."

Wednesday's announcement appears to move Minnesota Power closer to the PUC's goals and was praised by at least one environmental group that had been pressing the utility to shut down its oldest coal plants to reduce carbon emissions blamed for spurring a warmer climate. Laskin was built in 1953, and Taconite Harbor in 1967.

"Fresh Energy applauds the long overdue plan and timeline from Minnesota Power to begin to replace some of the company's oldest, dirtiest power plants with cleaner energy." J. Drake Hamilton, science policy director for Minnesota-based Fresh Energy, told the News Tribune. "After 50 years of operating these coal plants, the time has come for the company to modernize and get more efficient."

But Hamilton said the utility also needs to take additional steps to reduce carbon faster to meet Minnesota's statewide carbon reduction goals, and said there also are problems with coal ash storage at Taconite Harbor.

“We’re concerned about them investing more of their ratepayers’ money in an old energy source that may not be around very long,” Hamilton said. “The state’s goal is to reduce carbon emissions by at least 30 percent by 2025, and there’s no way to do that without phasing out more old coal plants.”

In May, the Minnesota Department of Commerce reached the same conclusion as environmental groups, though for different reasons. The state agency’s Division of Energy Resources said its review of the issue concluded that the PUC should demand Minnesota Power shut down its Laskin 1 and 2 plants in Hoyt Lakes and Taconite Harbor 3 plant on the North Shore “no later than 2016. Further, the commission should require MP to shut down its Boswell 1 and 2 coal-fired generating plants by 2020 unless circumstances change in the near future.”

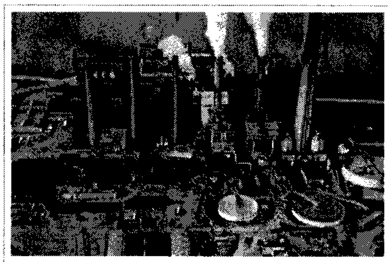
The Commerce Department looked more at the old plants’ effects on consumers and industries that pay monthly electric bills. The conclusion, including by Minnesota Power’s internal study, was that the cost of upgrading the old plants to expected pollution-control regulations in the future might be too high, and that the environment and ratepayers would be better off if Minnesota Power switched to other sources of electricity, namely natural gas.

Tags: minnesota power, iron range, north shore, business, environment, technology, energy

MAY 3, 2012 0 COMMENTS

PSC approves LG&E and KU plan for gas-fired power plants

New plant to be built in Jefferson County; Oldham County plant purchase OK'd



LG&E's Cane Run power plant is shown in this 2003 photo by Michael Clevenger of the Courier-Journal. Visit the newspaper online at www.courier-journal.com.

FRANKFORT, Ky. (May 3, 2012) – The Kentucky Public Service Commission today approved a proposal by Kentucky Utilities Co. and Louisville Gas & Electric Co. to construct a natural gas-fired generating facility at LG&E's Cane Run plant in Jefferson County and to purchase an existing natural gas-fired plant in Oldham County.

KU and LG&E plan to construct a 640-megawatt combined cycle generating plant at Cane Run. Combined cycle plants are designed to operate most of the time. The companies also will purchase the 495-megawatt Bluegrass Generation simple cycle power plant in LaGrange. It is designed to run only at times of peak demand.

In their application, KU and LG&E said the additional generating capacity is needed to replace coal-fired units at Cane Run and at KU's Green River plant in Muhlenberg County and Tyrone plant in Woodford County and to meet projected increases in demand for electricity by 2016. Those facilities are being retired by the end of 2015 as part of a broader plan to comply with new and stricter federal air quality regulations.

In an order issued today, the PSC agreed, saying that the companies had proven the need for the replacement generating capacity and demonstrated that the proposed gas-fired plants were the least-cost, reasonable option for providing the needed power.

Construction of the new plant at Cane Run will cost about $583 million, the companies said in their application. That figure includes a new natural gas pipeline to the site. The purchase price of the Bluegrass Generation plant is $110 million.

A public meeting in the case was conducted in Jefferson County on March 8, with the formal evidentiary hearing in Frankfort following on March 20. Other parties to the case included the Kentucky Office of Attorney General; the Kentucky Industrial Utility Customers, Inc., representing large industrial customers; and the Sierra Club and Natural Resources Defense Council, representing environmental interests.

The PSC disagreed with the environmental groups that KU and LG&E could economically meet its power needs through a combination of wind power and more aggressive efforts to reduce the demand for electricity. However, the PSC said the utilities should more aggressively pursue cost-effective demand-side management program, particularly those targeting commercial customers.

Both LG&E and KU are subsidiaries of PPL Corp. Kentucky Utilities has about 506,000 electric customers in 77 counties across Kentucky. Louisville Gas & Electric has about 401,000 electric customers in nine counties in the Louisville area. LG&E's 312,000 natural gas customers are not affected by this case.

Based on the need for replacement power, a majority of the cost and ownership of the new Cane Run plant would be allocated to KU. Most of the Oldham County plant would be allocated to LG&E.

The companies say they do not expect the project to affect rates for LG&E customers, while KU customers would see rates rise by about 4 percent once the new plant is in operation.

The KU-LG&E application, related documents and videos of the public meeting and hearing are available on the PSC website, psc.ky.gov. The case number is 2011-00375.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

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PPL Chairman: Strategic Moves Have Fundamentally Changed Company

By PPL Corporation

Published: Wednesday, May. 16, 2012 - 9:13 am

BETHLEHEM, Pa., May 16, 2012 -- /PRNewswire/ -- PPL Corporation (NYSE: PPL) is a fundamentally different company compared with two years ago, having changed its business mix, nearly doubled its asset base and grown its market capitalization by 40 percent, the company's top executive told shareowners Wednesday (5/16) at PPL's annual meeting.

"We are forecasting that 70 percent of PPL's 2012 ongoing earnings will come from our rate-regulated businesses in the United Kingdom, Kentucky and Pennsylvania," said William H. Spence, PPL's chairman, president and chief executive officer.

"In 2010, 73 percent of our ongoing earnings came from our supply business, which is driven by the ups and downs of wholesale electricity prices. And, over the past couple of years, the fluctuations in wholesale electricity prices have been decidedly down," Spence said.

He said this repositioning of PPL was completed in a remarkably short time through the acquisition of regulated utility operations in Kentucky in 2010 and the United Kingdom in 2011 at a combined cost of about $14 billion. Even though the repositioning was accomplished with extraordinary speed, Spence said, the continuation of depressed wholesale electricity prices has proven that the company acted none too soon.

"The bottom line is this: Without the additional earnings from these rate-regulated operations, PPL's earnings per share would be significantly depressed for 2012 and the foreseeable future," Spence said. "The fundamental driver of our acquisitions in 2010 and 2011 was reducing risk for the company at a time of unprecedented turmoil in competitive electricity markets."

For 2011, PPL's earnings from ongoing operations were $2.73 per share, attaining the high end of the company's 2011 forecast of $2.55 to $2.75 per share. In April 2011, PPL completed the acquisition of the former Central Networks electricity distribution businesses in central England and successfully integrated those operations into its Western Power Distribution affiliate in the U.K. by the first quarter of 2012. PPL's U.K. affiliate, with more than 7.8 million customers across central and southwest England and south Wales, led the way in PPL's earnings performance in both the fourth quarter of 2011 and the first quarter of 2012.

At the meeting, shareowners re-elected all PPL directors to one-year terms: Frederick M. Bernthal, retired president, Universities Research Association; John W. Conway, chairman, president and chief executive officer of Crown Holdings, Inc.; Steven G. Elliott, retired senior vice chairman of The Bank of New York Mellon Corporation; Louise K. Goeser, president and chief executive officer, Grupo Siemens S.A. de C.V.; Stuart E. Graham, retired president and chief executive officer of Skanska AB; Stuart Heydt, retired chief executive officer of Geisinger Health System; Raja Rajamannar, executive vice president, senior business, and chief transformation officer of Wellpoint, Inc.; Craig A. Rogerson, chairman, president and chief executive officer of Chemtura Corporation; PPL Chairman Spence; Natica von Althann, founding partner of C&A Advisors; and Keith H. Williamson, senior vice president, secretary and general counsel of Centene Corporation.

During the meeting, held at Lehigh University's Zoellner Arts Center, PPL shareowners also voted on three other management proposals. They approved the 2011 compensation of PPL's executive officers named in this year's proxy statement; approved PPL's 2012 stock incentive plan; and ratified the appointment of Ernst & Young LLP as the company's independent auditing firm for the year ending Dec. 31, 2012. They also approved a shareowner proposal that requested the board to amend PPL's governance documents to eliminate plurality voting for directors and provide for directors to be elected by a majority of votes cast at an annual meeting of shareowners. Although this last vote is non-binding, PPL's board is expected to review the issue again before next year's annual meeting.

PPL Corporation, headquartered in Allentown, Pa., through its affiliates, owns or controls about 19,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity and natural gas to about 10 million customers in the United States and the United Kingdom. More information is available at www.pplweb.com.

"Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income attributable to PPL, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that "earnings from ongoing operations," although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making investment decisions. PPL's management also uses "earnings from ongoing operations" in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

Statements contained in this news release with respect to future earnings are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.

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